

Message Text

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PAGE 01 STATE 066884
ORIGIN AF-08

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DRAFTED BY AF/EPS:DMCCLELLAN:MM
APPROVED BY EB/ORF:SWBOSWORTH
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R 252129Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY LILONGWE
INFO AMEMBASSY MAPUTO
AMEMBASSY MBABANE
AMEMBASSY PORT LOUIS
AMEMBASSY TANANARIVE
AMEMBASSY KHARTOUM
AMEMBASSY PRETORIA
AMCONSUL DURBAN
AMEMBASSY ABIDJAN

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E.O. 11652: N/A

TAGS: ETRD, EAGR, AF

SUBJECT: MALAWI CONCERN OVER US SUGAR POLICY

1. MALAWI AMBASSADOR MUWAMBA, ACCOMPANIED BY ALEKE BANDA,
CHAIRMAN OF NATIONAL BANK OF MALAWI AND VICE CHAIRMAN OF

THE MALAWI SUGAR CORPORATION, AND GREY KUKADA, PERMANENT
SECRETARY FOR TRADE, INDUSTRY AND TOURISM CALLED ON DEPUTY
ASSISTANT SECRETARY FOR INTERNATIONAL RESOURCES AND FOOD
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POLICY STEPHEN BOSWORTH ON MARCH 23 TO DISCUSS US SUGAR
POLICY AND ITS IMPACT ON MALAWI SUGAR EXPORTS.

2. MALAWIANS EXPRESSED CONCERN OVER POSSIBLE INTRODUCTION
OF A US QUOTA FOR SUGAR. THEY STRESSED CRITICAL IMPORTANCE
OF SUGAR EXPORTS TO MALAWI'S ECONOMY, NOTING SUGAR WAS
THIRD LARGEST FOREIGN EXCHANGE EARNER FOR MALAWI, AND THAT

MALAWI HAS UNDERTAKEN PROGRAM TO EXPAND PRODUCTION IN ANTICIPATION OF INCREASED EXPORTS TO US AND ELSEWHERE.

3. BOSWORTH OUTLINED THE CURRENT SITUATION AND THEN DESCRIBED IMPORTANCE FOR US OF THE UPCOMING SUGAR NEGOTIATIONS FOR A NEW INTERNATIONAL SUGAR AGREEMENT (ISA). FOLLOWING THE SHARP DECREASE IN THE PRICE OF SUGAR -- TO BELOW THE COSTS OF PRODUCTION IN MANY AREAS IN THE US AND ABROAD

-- THERE HAS BEEN INCREASING DEMAND FOR GOVERNMENT ACTION TO PROVIDE PROTECTION TO DOMESTIC PRODUCERS. ANY PREYIDENTIAL DECISION ON SUGAR TO BE MADE WITHIN THE NEXT SIXTY DAYS, FOLLOWING RECENT ITC RECOMMENDATIONS AND ONGOING INTERAGENCY CONSIDERATION OF A WIDE RANGE OF POSSIBLE MEASURES, WOULD BE IN EFFECT A PROGRAM OF INTERIM MEASURES UNTIL SUCH TIME AS AN ACCEPTABLE ISA CAN BE NEGOTIATED, RATIFIED AND IMPLEMENTED. THIS COULD TAKE UP TO A YEAR. BOSWORTH SAID US BELIEVES THE LONG-TERM SOLUTION TO THE SUGAR QUESTION LIES IN AN ISA. US WILL APPROACH THE APRIL SUGAR NEGOTIATIONS POSITIVELY AND WILL WORK ACTIVELY TO REACH AGREEMENT IN THE BEST INTERESTS OF ALL IMPORTERS AND EXPORTERS. OUR OBJECTIVE IN THE NEGOTIATIONS WILL BE PRICE STABILIZATION, BUT NOT PRICE FIXING. HE STATED A FERVANT HOPE THAT WE NOT RETURN TO COUNTRY QUOTAS.

4. BANDA AGREED THAT THE LONG TERM SOLUTION IS IN AN ISA. HE STRESSED MALAWI'S CONCERN, HOWEVER, OVER THE INTERIM MEASURES THE US MAY TAKE AND HOPED THAT THE MEASURES WOULD TAKE INTO CONSIDERATION THE INTERESTS OF SMALL LIMITED OFFICIAL USE

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SUGAR EXPORTERS.

5. BOSWORTH EXPRESSED US AWARENESS OF CONCERNS OF THE SMALLER EXPORTERS AND OUR DESIRE THAT THE INTERIM MEASURES HAVE THE LEAST POSSIBLE ADVERSE IMPACT ON THE LEGITIMATE INTERESTS OF THE SMALLER LDC SUGAR PRODUCERS. HE STATED WE ARE PREPARED TO WORK WITH MALAWI IN THE ISA NEGOTIATIONS TO TAKE THEIR INTERESTS INTO ACCOUNT. CHRISTOPHER

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